Abstract:

The organizational and financial tools aimed at management of the Russian balanced budget are considered in the article. The Russian economy differs by instability of budget indices, which reduces economic growth and provokes strengthening of fiscal risks both for the entire national economy and its regions.

To institutionalize the new budget rule non-keynesian effects of fiscal consolidation are assessed. These effects are related with the prevention of fiscal risks formation due to budget forecasting and increase of the economy adaptive capacity with the use of the budgetary rules institutional design.

Keywords: balanced budget, budget consolidation, budget planning and forecast budgetary rules, economic confidence, financial tools, fiscal risks, optimization of public expenses.

JEL Classification Codes: G00, G2, H1, H20, H60, H62, H68, H71, H72.
1. Introduction

The current stage of Russian economic development enhances significantly the increasing role of budgetary system, balance and consolidation of the resolved tasks. The economic recession, slowdown of the growth of companies’ profit and nominal incomes of the population influence negatively the Russian economy stability and reduce income from major regional taxes (income tax and personal income tax) and form the deficit nature of regional budgets. The model of budget federalism with low financial autonomy of regions selected in Russia assumes implicitly the central interference with subnational finance. On the other hand, a surplus concept of the fiscal policy works as a part of the federal budget. Therefore the purpose of the research is to comprehend the organizational and financial tools of management of the budget balance of both national economy and its regions in terms of economic recession. For this the analysis of institutional and financial reforms of fiscal policy in the context of fiscal consolidation achievement is undertaken. The need to optimize budget expenses, increase the quality and efficiency of budgeting tools, and save the sources of budget revenues serve as conditions for maintaining budget stability. In the authors’ opinion this may be ensured by the policy of budget consolidation through expanding a pattern and tools of budget planning and forecasting, and modeling of budgetary rules aimed at long-term effectiveness, countercyclical nature of effect and adaptability.

2. Purposes, methodology, structure of the research

The study is based on the theoretical and methodological basis, formed by the fundamental concepts and postulates of the neoclassical and Keynesian macroeconomic theory on the problems of state regulation and fiscal policy, theories of evolutionary and institutional economy in the part of institutional change and design, theory of budget federalism, theory of public finance, theory of fiscal risk and financial control, as well as the approaches suggested by the modern philosophy of economy different in interdisciplinary focus. The methodology is based on the use of scientific methods of research, as well as system and functional and instrumental approaches. Information and empirical basis of the study were the materials formed as a result of a monographic review and analysis of scientific periodicals represented in international electronic libraries, as well as the authors’ own developments on the problems of fiscal policy and budget federalism.

3. Results

In the history of the fiscal policy implementation practice the governments of different countries relied on different theoretical and methodological economic concepts. Thus before the thirties of the last century, the main doctrine of fiscal policy was built based on the desire to achieve annual equivalence of budget revenues and expenses. This corresponded to the idea of responsible and sensible government, which did not form debts and did not aim to increase public spending.
The global economic crisis of 1929-1933 required a rethinking of this doctrine and it was replaced by the Keynesian idea of a regulated economy, where the main anti-crisis tools were budget expenses and taxes. In budgetary practice this implied a policy of cyclic balanced budget with a justification of the budget deficit existence, influencing and aimed at stimulating economic development. Representatives of Keynesian direction of economic theory, oriented to the tools of stimulating aggregate demand for macroeconomic dynamics, explained the absence of the need to constantly achieve balanced budget with the equivalence of revenues and expenses. Thereby they established the fundamental principles of using public spending, taxes, budget deficit and government borrowing as effective tools of economic policy to optimize the conditions for economic growth in terms of cyclic development. The next stage of the fiscal policy methodology development was connected with the global economic growth in the eighties of the last century. The followers of the “supply-side economics” theory formed different views on the problem of public finance use in the context of countercyclical regulation. The theories of “compensating budget” and “functional finance” were proposed. They suggested different from the Keynesian tools approaches to the tactics of application of certain financial tools and to the issue of the budget deficit. However, common to these theories is the acknowledgment of non-obligatory permanent achievement of budget revenues and expenses equivalence, active use of public expenses, taxes and public borrowings as tooling of state economic policy. Currently the governments of economically developed countries have taken on board the conclusions and recommendations of modern theories of public finance use for the national economy regulation. In these circumstances the budget deficit and the corresponding public debt are considered as flexible and effective tools of state economic policy and countercyclical stabilizers. However their use has certain limits. Economic theory and practice have established that the critical level of the budget deficit is 3% of GDP. The maximum limit of public debt in the European Union, for example, is considered to be 60% of GDP. Governments of the countries having emerging and transition economies, where the growth perspectives cannot be accurately predicted and are determined by many factors, tend to budgeting based on revenues and expenses equivalence, but in fact they get the budget deficit. Countries that are oriented to the export of energy resources are forced to carry out a policy of surplus budget and formation on this basis of stabilization (reserve) funds.

4. Discussion

Currently an important issue in the budget process organization and regulation is not only the level of the budgets revenues and expenses formation, but their balanced expediency. A created balance in macroeconomics in the long-term perspective is unstable because of risks in the government sector.

International experience of economic development shows that the instability of budget indices showing budget imbalance serves as an important source of risk for the entire national economy. As a result this reduces the economic growth rate,
increases inflationary pressure and potential of macroeconomic dynamics. Many economists believe that it is the volatility of macroeconomic indicators that serves as a dominant condition of the “resource curse” paradox in emerging markets (Hapsoro and Suryanto, 2017).

Currently, according to S&P Global experts, Russia’s sovereign credit rating is BB+ with a stable outlook. This is one notch below investment grade. According to S&P Global agency Russia’s sovereign credit rating will remain for a year or two, at least, in the non-investment grade, notes Moritz Kraemer, S&P’s head of sovereign ratings. The expert believes that Russia has the long-entrenched problem of a lack of economic dynamism and diversification. Besides Moritz Kraemer attributes a trend of shrinking population, which makes the growth potential even less, to risk factors limiting the Russian economy sustainable development. At the same time lately risk factors limiting additional budget revenues have increased; and what has saved the Russian fiscal account recently is a more substantial recovery of the oil price (Geddie and Rao, 2012).

According to Russian experts, a subsystem of risk management is the most essential element of the control system for achievement the goals of sustainable economic development. Development of risk management theories and relevant methodological basis, including financial and organizational tools, reveals a complication of the procedures of identification, parameterization and quantitative assessment of risks, as well as possible methods of their prevention (Andreeva, 2016).

Russian researches and experts consider information and instruments risk management as a challenge to undertake. It contributes to a company’s financial stability and helps to design an effective management system as well as to provide business value growth. For examples, differentiation between those who are responsible for decision making and those who are involved in setting risks limits it essential in any company (Vovchenko et al., 2017; Anureev, 2017; Allegret et al., 2016; Theriou, 2015; Fetai, 2015; Arslan-Ayaydin et al., 2014).

International Monetary Fund experts identify the main sources of fiscal risks appearance. It is the macroeconomic risk that is admitted as the most common in all countries. Although now it should be admitted that in terms of expanding global interdependence and comprehension of the consequences of the global financial and economic crisis of 2008-2009, the existence of global risks serves as not less important source of national fiscal risks development. Despite the fact that macroeconomic stability is returning to Russian economy, it is necessary to determine the stability of existing balance in the long-term perspective and to identify risks in the government sector regulation. According to the Federal State Statistics Service (Rosstat), GDP in Russia has dropped by 0.2% last year. In 2016 agriculture showed an increase by 3.5%, extraction of mineral resources grew by 0.2%, manufacture increased by 1.4%, production and distribution of electricity, gas
and water grew by 2.4%, financial activity increased by 2.3%. A drop by 4.3% occurred in the building industry; wholesale and retail trade, and repair of motor vehicles reduced by 3.6%. According to the first Rosstat’s evaluation in 2016 the volume of Russian GDP amounted to 85.88 trillion rubles in current prices. According to Rosstat’s latest data in 2016 Russian GDP decreased less than experts had forecast (Prokopenko, 2016).

GDP fell by 0.2%, while on the one hand, the “Bloomberg” agency announced its drop by 0.5%, and, on the other hand, the Ministry of Economic Development and the “Interfax” consensus forecast determined its fall by 0.6%. GDP indices mean that Russia has approached the exit from the longest recession for almost 20 recent years.

The results of the mining industry, agriculture and manufacturing industry, which strengthened the effect from oil prices stabilization, contributed to the end of the crisis. A dynamic growth of export, while import reduced, supported GDP to a greater extent: this gave a further 1.7% growth. Within production industry the manufacturing industry had maximum positive contribution to the GDP structure, when building industry fell most of all. Despite the fact that domestic industrial production increased by 0.5% in 2016 after reduction by 3.4% in 2015, this growth did not compensate for falling consumption, which served as the main factor for the exit from previous economic recessions in our country. The depth of the recession of 2015-2016 was 3% (Siluanov, 2011).

At the same time, unconditionally, a budget deficit of 3% of GDP reduces stability of national economic system and changes the economic agents’ positive expectations. The pace of decline in domestic demand slowed down. Another wave of decline in consumption is the result of the middle class’s savings exhaustion and their policy of greater economy. Cost reduction is the main form of economic agents’ adaptation to the economic recession. According to a study of the Institute of Social Analysis and Forecasting Russian Presidential Academy of National Economy and Public Administration, 49% expected a prompt improvement or stabilization of economy in November 2015; 37.5% expected it in November 2016; and the share of economic agents determining that the crisis would last for a year or two, or more, on the contrary, increased from 36 to 46.7% (Prokopenko, 2016).

According to experts’ reviews, the domestic economy expects a slight growth in terms of budget resources depletion after a period of low oil prices, reduced consumer demand and forced policy of the ruble free float, carried out by the Bank of Russia. The Russian Federation Government forecasts GDP growth by 0.6% for 2017. Having favorable economic conditions and supporting, organizational and financial tools, GDP growth may reach 1-1.5% (Fiscal Risks: Identification, Prevention and Protection, 2015).

Preparation of the budget for 2017-2019 was accompanied by frequent amendments.
to the macroeconomic forecast. However the reason of frequent changes in the macroeconomic forecast parameters is not only the peculiarities of interdepartmental interaction in the budget process, but also the fundamental macroeconomic discussions. In terms of crisis economists and analysts pay more attention to organizational and financial tools to identify fiscal risks presented as a part of the Keynesian model of economic regulation.

Today the Russian economy growth is accelerated directory, on behalf of the government. Now the forecast of the Ministry of Economic Development is as follows: in 2017 - 0.6% of GDP, in 2018 - 1.7% and in 2019 - 2.1%. This comes from the baseline scenario of the updated forecast of social and economic development (Kulakov, 2016). In the previous forecast the figures were as follows: 0.2, 0.9 and 1.2% as in Table 1 (There Are No Serious Fiscal Risks in Russia for 2017).

Table 1. Scenario Forecasts of the Russian Federation Social and Economic Development

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prices for oil, $/bar.</td>
<td>41</td>
<td>40</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td>Inflation at the end of the year, %</td>
<td>5.8</td>
<td>4.9</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Dollar exchange rate, rub.</td>
<td>67.5</td>
<td>65.5</td>
<td>67.5</td>
<td>67.5</td>
</tr>
<tr>
<td>GDP, %</td>
<td>-0.6</td>
<td>0.6</td>
<td>0.2</td>
<td>0.6</td>
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<tr>
<td>Capital investment, %</td>
<td>-3.7</td>
<td>0.3</td>
<td>-0.5</td>
<td>-0.5</td>
</tr>
<tr>
<td>Real disposable income, %</td>
<td>-5.6</td>
<td>0.5</td>
<td>0.2</td>
<td>0.2</td>
</tr>
<tr>
<td>Real salary, %</td>
<td>0.3</td>
<td>0.6</td>
<td>0.4</td>
<td>0.4</td>
</tr>
<tr>
<td>Retail, %</td>
<td>-4.6</td>
<td>1.1</td>
<td>0.6</td>
<td>0.5</td>
</tr>
<tr>
<td>Industry, %</td>
<td>0.4</td>
<td>1.2</td>
<td>1.1</td>
<td>1.1</td>
</tr>
<tr>
<td>Export, $ bil.</td>
<td>279</td>
<td>284</td>
<td>284</td>
<td>290</td>
</tr>
<tr>
<td>Import, $ bil.</td>
<td>187</td>
<td>194</td>
<td>194</td>
<td>200</td>
</tr>
<tr>
<td>Current transactions, $ bil.</td>
<td>32</td>
<td>30</td>
<td>30</td>
<td>25</td>
</tr>
<tr>
<td>Unemployment, %</td>
<td>5.9</td>
<td>5.9</td>
<td>5.9</td>
<td>5.8</td>
</tr>
</tbody>
</table>

At the heart of today’s scientific discussions of financial analysts there are problems associated with the assessment of the Bank of Russia policy. While forming budget the experts tried to find an answer to the question if tight monetary and fiscal policies contribute to the economic growth or, on the contrary, reduce it. One of the concepts of revision of the Ministry of Economic Development macroeconomic forecast parameters was based on the evaluation of the organizational and financial tools of fiscal policy. A development scenario based on identification of negative factors influencing the economic growth was considered. A director of the Financial Research Institute of the Ministry of Finance of the Russian Federation notes that if the Bank of Russia manages to reduce inflation to 4% in 2017, and the Ministry of
Finance is able to meet the targeted parameters of the deficit in 2017 of 3.2% of GDP, and then to reduce the deficit by 1% of GDP annually, it will reduce the opportunity of the Russian economy to grow (Kulakov, 2016).

In the authors’ opinion, the described development scenario reflects peculiarities of the Keynesian model of economic growth. Being a part of the organizational and financial mechanism of this model the tightening of fiscal policy leads to a decrease in domestic demand of economic agents and slows down the GDP growth.

In terms of uncertainty an unstable situation with financial resources receipt continues to persist. So the government decided not to spend money received from the sale of oil which will cost more than 40 dollars per barrel, but appropriate it to reserve funds. The accumulated resources must become the basis for further implementation of structural reforms in economy. Currently the governmental economic program is being prepared. This program will contain the necessary organizational and financial tools ensuring the country’s financial system stability. Negative consequences of the budget indices instability are realized by the government: after the financial crisis in 1998 the fiscal policy was considerably built with a caution of possible risks. Nevertheless so far there is no unified and system approach to the issue of fiscal risks. It seems that such an approach should include:

a) “Inventory” and quantitative assessment of the most important fiscal risks;
b) Identification of “original sources” of main risks and analysis of their interrelation;
c) Determination of the most painless ways of budget system adaptation to dangerous shocks;
d) Formation of fiscal risks prevention system and preparation of sufficient means of the budget system insurance against risks;
e) Regular monitoring of fiscal risks (Butskaya, 2016).

The content and nature of budgetary relations development are interrelated and have a certain tendency, which is not always considered both in the budget process theoretical assessment and in the practice of definite budgetary decisions implementation. This means that the essential system basis for the budgetary relations transformation is the fact that within its framework the requirements are enhanced not of a general nature of their regulation (this always existed), but the need for extended consideration of the coordination between budget opportunities and needs. In modern budget practice the budget needs are determined not reasonably enough, it often happens subjectively, in a general way “from the reached”. This often has a contradictory influence on the budgetary relations regulation and the budget interests’ implementation. The latter are not confined only to the tax revenues redistribution, but involve the formation of the interest from the perspective of different categories of taxpayers, definite tax base, tax period, tax rate, as well as procedure for calculating tax and even timing of its payment.
Transformational basis and directions of budget relations development complicate the processes of their system formation, dictate new requirements to the budgets balance and consolidation, their target returns on the criterion of ultimate efficiency. Current stage of Russian economic development enhances greatly the increasing role of budget consistency, balance and consolidation of the resolved tasks. Moreover there is a great designation of the need of reverse effect of these budget practice components on all macroeconomic reality and its transforming potential.

The conclusion that fiscal policy should be balanced considering the resource potential and emerging budget needs is justified and has a real basis. At the same time it is necessary to deepen significantly in understanding of economic and social nature of developing budget needs. Despite the importance of evaluating the budgetary resources opportunities it is hardly worth justifying in full the excessive fiscality of their formation (budgetary resources). A certain harmonization of budget needs is required, methods of which solution should consider not only the rationality of incomes withdrawal to the budgets, but also evenness of their distribution, defined both by the level of the budget needs satisfaction, and the priorities of the resolved tasks at different levels of social and economic practice. Governmental regulation of the budgetary relations is objectively necessary. However the approaches to their formation must be defined considering the following requirements: the need to consider conceptual basis of the social and economic tasks solved by budgets and the correlation of the applied tools in relation to the principles of the budget process organization.

A fiscal policy carried out at all levels should provide effective functioning of the budget system. This policy should consider the budget system conditions. As a rule there is a regulatory basis of fiscal policy formation, established by the government. It establishes the goal that the budget should be formed and implemented on the basis of assessment of developing budgetary relations, resource opportunities, which can be accumulated by the state in the specified budgetary fund, with subsequent justification by the criteria of necessity, expediency, balance and effectiveness of their distribution in the areas of the resolved tasks. In our opinion, adoption of corresponding decisions in all the specified areas forms the essence of fiscal policy. Modern budget transformations predetermine the need to develop the tools ensuring balance of the budget system in terms of using its organizational and financial potential.

1. Optimization of budget flows by ensuring the budget financial stability.

The budget financial stability is the state of budgetary relations, reflecting the ability of public and legal formation to fulfill the undertaken budget obligations timely and in full scope. The main purpose of the indicator of the budget financial stability calculation is to determine the level of possibility of solving current problems of social and economic development on the basis of own budget revenues, as well as gratuitous transfers and sources of deficit financing. At the same time the guarantees ensuring the budget stability are as follows: balance, autonomy of budget (ability to
mobilize financial resources in the budget (without resorting to gratuitous receipts) and solvency (ability to pay on obligations in time).

2. Budget planning and forecast.
On January 1, 2015 the Russian budget legislation introduced a long-term budget planning, carried out by formation of the Russian Federation budget forecast, the Russian Federation constituent entity budget forecast, as well as the municipal entity budget forecast in case the representative body of the municipal entity decided on its formation. The budget forecast for a long-term period is understood to be a document containing the forecast of the main characteristics of the relevant budgets (consolidated budgets) of the Russian Federation budget system, indicators of financial support of state (municipal) programs for the period of their validity, and other indicators characterizing budgets (consolidated budgets) of the Russian Federation budget system. This document contains as well the main approaches to the formation of the budget policy for a long-term period. A budget forecast of the Russian Federation and the Russian Federation constituent entity for a long-term period is developed every six years for a period of twelve years on the basis of the forecast of social and economic development of the Russian Federation and the Russian Federation constituent entity for the relevant period.

The long-term period budget forecast for a municipal entity is developed every three years for the period of six years or more on the basis of the municipal entity’s social and economic development forecast for the relevant period.

Thus the long-term period budget forecast of the Russian Federation is developed every six years for the period of eighteen years. In 2015 it was developed for the period up to 2030. The budget forecast includes:
- A forecast of characteristics of budgets of the Russian Federation budgetary system;
- A forecast of the federal budget basic indices;
- Indices of financial support of the Russian Federation state programs for the period of their validity.

The budget forecast of the Russian Federation, the Russian Federation constituent entity and municipal entity for a long-term period can be changed considering changes in the forecast of social and economic development of the Russian Federation, the Russian Federation constituent entity and municipal entity for the relevant period, and the adopted law (decision) on the appropriate budget without extension of its validity period. Budget forecasting is subject to the purpose of getting system targets and certainty of estimation of those expectations, which the formed, approved and executed budget will have a relation with. The budget cannot be “constructed” without prognostic perceptions of the results that are not only desired to be implemented but also executable at the base. The fundamental nature of the budget orientation is taken as an evaluating, forecasting and calculation basis of its amount, including on various parameters. Evaluating and calculating certainty
of budgetary planned indices must be based on self-developed budget forecast, the basis of which comes from the appropriate indicators.

It goes without saying that the budget forecasting covers both the revenue component of the budget and expenses. However there are fundamental features of the account of indicative components of the budget revenues and expenses forecasting. A forecast of revenues is developed considering the economic situation, economic growth rate, and development of its parameters and opportunities of income. Financial situation of the country, region and municipalities is considered in the same way.

As a rule the forecast of budget expenses includes an assessment of the commitments that the state (for the federal budget), constituent entity - region, or municipality undertakes (or is obliged to undertake). When forecasting budget expenses it is important to take into account that at every stage of developing budgetary relations there can be a certain level of achieving an expendable satisfaction of the budget needs. This means that there is a certainty of orientation of the developing budget process from the perspective of the regulatory framework approved by the legislation. A budget forecast is meant to consider such a basis of “predetermined expenses”.

In our opinion, the corresponding settings to changes in the amount and parameters of the budget expenses are produced as part of fiscal policy. This cannot be ignored when a budget forecast is developed.

When it comes to the budget forecast of budget expenses the two things should not be confused. Firstly, there is a limited capacity of budget expenses forecasting on their predetermined regulatory base. And secondly, there is a limit on revenue opportunities of their execution, if they are predicted and planned in a separate budget. There is an objective basis for budget expenses forecasting (their connection with real revenues, which can be rationally, reasonably and effectively accumulated in budgets) on the basis of structured revenue component of the economy (it should not be forgotten that revenues in monetary and material content have different budgetary basis to meet the budget needs). The subjective factor of the consumed resources has a stronger influence on the budget expenses forecast. As a rule this fact inevitably influences the adoption of budget decisions on expenses. In the same way there are the problems of lobbying budget expenses using different methods, ways and accompanying interests.

Along with the above arguments about the differences in the approaches to the budget forecast of revenues and expenses, you should not move away from the relationship and interdependence that take place at all levels of developing budgetary relations. The requirements for budgetary balance of revenues and expenses do not derive from a simple accounting practice of regulation or control of the used resources. The budgetary balance of revenues and expenses creates a certain
integrity and consistency of budgetary relations. It also contributes to the reality of the targets solved by budgets. In addition the requirement of balance reduces the influence of the subjective factor of impact on the nature of the adopted budget decisions, their compulsory performance and, what is also important, the control of cash flows (budget funds which are financed).

Budget forecast enhances its significance to the extent in which its results are implemented in the budget planning. Budget planning determines the calculated budget component for its definite execution. Methods of revenues and expenses planning also differ, but at this level there is a need to ensure a strict balance of budget revenues and expenses.

Budget planning specifies the objectives and tasks of budgets up to their feasibility. As such the budget plan is assessed by the criterion of reasonability of the undertaken budget commitments, including through the calculations, comparisons of indicators, etc. Unconditionally revenues are planned in accordance with the related expenses, but at the same time the latter are formed on the principle of obtaining the best possible result. The expanding potential of budget revenues and expenses increases their amount and dictates the need to improve the budget finance management. System planning of revenues and expenses is a central element of improving budget management.

3. Optimization of budget expenses.

The issue of correlating the adopted budget decisions in the direction of budget expenses optimization has become important in recent years. Savings on budget expenses, being not the targeted task itself, become important not only because of inefficient use of resources, but economic opportunities to provide revenues for such expenses. Fiscal increase of the parameters of withdrawal revenues in the budgets of different levels is experiencing limitations progressively. Parameters of expediency of tax and non-tax revenues withdrawal in the budgets must be in strict proportion with the results, which they were oriented to by budget forecasting and planning. In spending budgetary funds there is a problem of correlation of the projected, planned and actually obtained results. In current economic situation the following system of the issues to be solved works very poorly: when the results of budgetary funds use in the same amounts or even more, do not improve the position of the ultimate indicators of budget needs satisfaction. In this regard it is important to identify the maximum possible indicators for expenses reduction and to determine the criteria for establishing the maximum possible cuts of budget expenses in different directions. These issues are difficult, but budgetary problems caused by them require displaying the initiatives bearing the burden of independence. For example, the implementation of the principle of autonomy of actions of the state and local authorities in the search for additional sources of revenues is of great importance for the regions and their budgets. The regulation of the budget system principles by the Budgetary Code provides the possibility of autonomous implementation of the budget process.
The identification and minimization of the fiscal risk has important role for Russian theory and practice of budget planning. At the same time currently this issue has not been researched properly. In particular in the economic literature there is no uniform definition of “fiscal risk”, there is no its legislative definition, besides there is no classification of the budget system risk. For example, some researchers consider fiscal risk as a kind of financial risk, manifested in the budget process, when the quality of tax and budget planning and provision of public services reduces [2,6].

In the methodological guidelines on long-term budget planning the budget risk is understood as monetary evaluation of changes in revenues and expenses of budgets, indicators of the debt burden of the Russian Federation and municipal entities, as well as disposable reserves, emerging with a certain probability in a particular period, as compared to the most probable, expected variant of these indicators forecast (Kuvshinova, 2016).

Application of the monetary evaluation is caused by practical value of fiscal risk assessment, i.e. the ability to determine the extent of possible deterioration of the conditions of balanced budgets of the Russian Federation (local budgets). This deterioration can be caused by both direct “budgetary” factors, e.g. reduction of the amount of received donations from other budget of the budget system, and by indirect factors, the result of which influence is also a change in budget revenues or expenses, e.g. growth of unemployment rate. Consequently the overall change in the main characteristics of the budget will be a result of this analysis.

Fiscal risks should be considered in a broad and narrow sense. In a narrow sense fiscal risks represent potentially possible deviations of actual budgeted values from the planned ones as a result of various factors. In a broad sense, fiscal risks represent potentially possible deviations associated with the failure to reach the goals of budget planning and directions of fiscal policy as a result of violations in the movement of the budgetary resources and their proportions. The expediency of use for fiscal risk assessment of not only possible change (reduction) of budget revenues, but other indicators (expenses, debt burden, disposable reserves) is conditioned by the fact that relevant parameters influence the overall result, i.e. a balanced budget, a sufficiency of available finance resources for the fulfillment of expenditure commitments. On this basis, for example as for expenses, such a factor, influencing the balanced budget of the Russian Federation constituent entity or local budget, can be the appearance of additional expenditure commitment necessary to achieve the key objectives of social and economic development of the administrative and territorial unit, or a “delegated” problem, the increase of the net cost of certain services provision and other. Similarly in this case the disposable reserves should be understood not only as analogues to Federal Reserve Fund, but also the assessment of possible increase of revenues due to changes in tax rates level and provided benefits and exemptions on taxes and duties, implementation of measures to increase revenue collection, optimization and improvement of the expenses efficiency (while maintaining the targeted parameters of social and economic development), changes
in the terms and conditions of attracting and servicing debts, implementation of structural reforms, active use of the state and private partnership tools.

Estimation of the probability of a certain element of fiscal risk evaluation allows improving significantly the accuracy of the predicted outcome. For example, all other things of general deterioration of social and economic situation being equal, the probability of reducing the revenue on personal income tax is significantly lower than the probability of increase in interest expenses on the attracted borrowed funds. Tools and mechanisms for the application of probability of the relevant fiscal risks implementation may be different, from the use of the amount of risk in proportion to the probability indicator up to the formation of different full scenarios, each of which will differ by the specified parameter.

Specification of the period in respect of which the fiscal risks are estimated should be characterized by an increase in reliability and fulfillment of medium- and long-term commitments, achieving the established goals and tasks. In any case fiscal risks should not be used by themselves, as a tool to build different versions of budgets of the Russian Federation constituent entities and local budgets, but exactly as a mechanism contributing to achieving long-term goals of social and economic development. This also determines the period for which such analysis should be carried out, in particular, equal to or exceeding the period of validity of governmental programs of the Russian Federation constituent entities and municipal programs, as well as other strategic planning documents. In its turn this forms strict requirements on the feasibility and authenticity of the relevant goals and tasks, indices and social and economic development indicators. Fiscal risk supposes identification of a number of characteristics requiring generalizations.

Firstly, this is the source of origin which is understood as a specific factor having a significant and measurable impact on the main characteristics of regional and local budgets. This may be, for example, the projected payroll, the inter-budget transfers, and the inflation rate.

Secondly, this is controllability characterizing the degree of government authorities and local authorities on the probability, extent and conditions of risk implementation. In this case the criterion of controllability is the possibility of taking preventive measures of the corresponding fiscal risks. With this approach, it is the following that serves as the criterion: the possibility of taking some or other measures of the corresponding fiscal risks prevention, preparation and implementation of which is either in the field of primary jurisdiction of subnational government authorities, or, on the contrary, depends on the actions or inaction of the federal executive authorities, the state of world or regional financial and raw materials markets. Thus, in the first case, in addition to the obvious possibility of taking appropriate preventive measures aimed at minimizing the possibility of the occurrence or extent of the negative consequences of the relevant fiscal risks implementation, the Russian Federation constituent entities and (or) municipal
entities are able to predict the occurrence of such events relatively efficiently and authentically, with sufficient probability. This category of “controlled” fiscal risks includes, for example, the issues of the budgetary planning and expenses effectiveness, implementation of tax policy regarding regional and local taxes and levies, carrying out an effective debt policy and inter-budget control, etc. For the second category of “uncontrolled”, i.e. external risks, their main characteristic is unpredictability. So, for example, the ability to assess duly the perspectives of change in the level of supply and demand for basic manufactured goods, works and services is a task of outstanding complexity. Such goods and services can be consumed outside a particular administrative and territorial entity or even in other countries, often for the governmental authorities of the Russian Federation or local authorities. At the same time on the basis of the criterion of controllability a part of relevant fiscal risks may move from one category to another. For example, the risks associated with possible reduction in the amount of financial support from the federal budget are rather predictable (when the federal budget is approved for the three-year period) and controllable (for the target inter-budget transfers it is sufficient to ensure fulfillment of the relevant conditions of these resources submission), within the scheduled period. However they acquire signs of uncontrollability in the following years.

Thirdly, this is the probability of occurrence defining the role and approach to this risk consideration in the budgetary process, planning and evaluation of relevant financial resources to achieve the strategic objectives of social and economic development of the Russian Federation constituent entity or a municipality. The probability of occurrence of a particular fiscal risk is also important in terms of solving the general problem of the provision of long-term balanced budget of the Russian Federation constituent entity and of the municipal entity. A risk very significant for a separate administrative and territorial entity may exist in strictly specific conditions. This risk influences greatly the key factors of social and economic development and financial parameters. Nevertheless its implementation is more or less probable. For example let us consider the administrative and territorial entities in which social and economic development an agricultural sector has a significant role. Here such a risk (hypothetically) can be the natural phenomena, having solely negative influence on the yield of certain agricultural crops, even the grasshopper plague. Nevertheless, the probability of such event occurrence can be relatively small with extremely tangible consequences for the budget targets. On the contrary, the risks associated with the need of one time support to compensate for the short-term effects, for example, implemented rather often as a part of current practice during the planting season, harvesting, crop storage or sale may have a significantly higher probability of their implementation. This should also be reflected in their overall impact on the final assessment of the fiscal risks. The probability of occurrence of this or that case can and should be identified individually, if possible, not only for certain types of risks. It should also be identified for different years of the forecast period in respect of which a possible balanced budget of the Russian Federation constituent entity or local budget is
Fourthly, this is the monetary evaluation having immediate value for practical application of risks prediction itself. The essence of this element lies in the fact that any of the considered in the system of risk assessment factors, events and parameters to be measurable and comparable with the results of similar work on other factors. This can be achieved through expression of relevant phenomena in the form of certain increase or decrease of financial resources (revenues), or changes in budget expenses. In a “close” view the monetary evaluation of complex risks of social and economic development implementation is a total deviation of the budgets main characteristics from the most optimal scenario. In particular, this method means that even such risks as changes in the technical regulation conditions as a part of the harmonization of the legislation of the Russian Federation and the countries of the Eurasian Economic Community, at this point will influence on budget revenues (for example, as a result of changes in the level of profitability, as well as in case of increase of expenses on compensation for the low-income citizens’ accommodation and utilities expenses). This rule will also limit the arbitrariness of the choice and records of the evaluated projected parameters.

The “budgetary rule”, a return to which should be carried out gradually starting in 2017, is necessary to limit expenses, to form reserves, as well as to limit the impact of oil price fluctuations on budget and economy. The main “budgetary rule” will be in force in 2020. Its basis will be the base price of oil of $ 40 per barrel. Estimations of long-term oil prices often vary due to technological changes; and financial reserves remaining in the country require attention. In terms of the basic price the ruble base rate is calculated for the budget. Maximum expenses on the rule are as follows: basic revenues plus expenses on debt servicing; herewith additional revenues are directed to the reserves. Thus, if the oil price is below the basic one, the accumulated reserves will be spent. But the reserves are not enough for the budget consolidation spread in time, therefore a transitional version of the budget rule will be set up to reduction of the deficit to the targeted level from 3% to 1.2% by 2019 (There Are No Serious Fiscal Risks in Russia for 2017).

Spending of resources will contribute to maintaining a high key rate of the Bank of Russia. Thus the state demand will push out the private one, which will contribute to reduction of the potential economy growth rate. The “budgetary rule” serves as the most important element of new budget structure, transition to which is important to be effected without raising taxes or structural reforms. Starting from 2020 the approaches not only to expenses but also to debt will be determined on the budgetary rule. The Ministry of Finance plans to limit loans and use of reserves with help of two conditions: the amount of debt servicing expenses should not exceed 0.8-1% of GDP per year from 2020; the occurrence of the shortfall from non-oil and gas revenues or lack of budget deficit finance.

5. Conclusion
Currently economists are paying more attention to non-keynesian effects of budget consolidation, which can have a positive impact on economic growth even in the short term perspective. In the revenues planned for three year period the Ministry of Finance records “mobilization” 3.1 trillion rubles of additional revenue, wherein 2.4 trillion rubles (77%) fall on the revenues from the modification of oil industry taxation, raise of the Mineral Extraction Tax on gas, increase of the dividend payments of state-owned companies (50% IFRS), etc. The planned revenue mobilization is 1.2% of GDP annually. Thus, 70% of the budget consolidation will be ensured by reduction in public spending, and 30% by the “mobilization of revenues” (Rodionova, 2012).

Firstly, budget consolidation can lead to an improvement in economic agents’ expectations. In terms of economic recession the investors form negative expectations, besides their economic and investment activity are reduced. A slowdown in investment activity was observed even in the case when events were financed from the budget. First of all economic agents and investors are afraid of negative trends in the development of Russian business environment related with possible increase of taxation.

The topic of taxes as a source of fiscal risks in terms of the factor of economic dynamics is important. Tax collection has a particular significance for the analysis of the mechanisms and tools of the budget balance and budget consolidation achievement. According to the analysis of the Working Group on fiscal risk assessment at the Russian Federation Ministry of Finance, in recent years, a negative trend in tax collection in the country is visible (Vovchenko et al., 2017). They explain the presence of this trend by a variety of factors, including changes in the structure of the tax base, provision of additional benefits or reduction in the quality of tax administration. However in any case a negative trend is considered as a long-term fiscal risk, which must be kept under control. The awareness of the situation that the budget is balanced and financial authorities will not resort to any further increase of taxation or to uncontrolled emission, certainly contributes to the investment growth and enhances confidence between business and government. The IMF forecasts that the Russian economic growth rate will not exceed 1.5% until 2020. There are some objective reasons for this: the started long decline in the labor supply, reduction of capital inflows, and growth of risks related to sanctions as the investors suppose. In such circumstances the budget revenues may be frozen for a long time at constant level. Many types of expenses (e.g. defense) increase regardless of the economic growth rate. The result may be a growing gap between revenues and targeted amount of expenses (Butskaya, 2016).

Secondly, reduction of the budget deficit allows lowering the real interest rate. It is important to highlight that the cost of resources depends on the selected model of organizational and financial mechanism of covering the budget deficit, related to the implementation of internal borrowing or spending reserve funds. Showing increased
demand for internal borrowing, the government adds their value and drives out private borrowers, which does not stimulate economic growth. In case of spending reserve funds, in fact it is referred to the additional emission of money, because the Bank of Russia provides the Ministry of Finance with the resources which currently are not ensured by the growth of production output. In this case the macroregulator should withdraw excessive liquidity from the market to keep inflation. Obviously a significant reduction in interest rates should be forgotten in such circumstances. If economic agents see that the deficit reduces gradually, this diminishes inflation expectations and allows the Bank of Russia lowering its key rate. As a result the conditions for investment improve gradually. This factor will not work in countries with zero interest rates. It is not for nothing that now the IMF and central bankers are increasingly talking about the exhaustion of monetary policy measures for accelerating economic growth, being more reliant on structural reforms and fiscal policy measures. But in Russia interest rates are high, and their amount is perceived by many entrepreneurs as an obstruction for economic development. Under these conditions the influence of budget consolidation on economic growth through lowering interest rates may turn out to be positive. It is important to take into account the decline in the demand in real terms for money in the Russian economy. If the Bank of Russia data on the dynamics of M2 and broad M2 (including foreign currency deposits) deflated using the consumer prices index, it turns out to be that the demand for money decreased by 18% on M2 aggregate and by 8% on the broad M2 aggregate in comparison with the beginning of 2014, which is much more significant than the slowdown in economic activity. Low demand for money in the Russian economy suggests that the economic agents are not very optimistic about their perspectives and are not ready to engage in long-term projects related to the expansion of production capacity or increase in final product quality through the use of import, but they are ready to refuse from consumption of the imported of goods and services.

Thirdly, in this case the reduction of the share of state in GDP alone provides a unique opportunity for the active replacement of government expenditures by private ones. Many aspects of government expenditures are currently ineffective, so their implementation increases GDP only statistically. At the same time however a negative influence of government expenditures on long-term growth rates, particularly in the current structure of budget expenses, should be noted. Today the state owns significant assets in the corporate sector of economy. So by the end of 2014 20 largest state-controlled companies had total liabilities of about 26% of GDP. For these companies the budget serves as a reserve fund, creating economic agents’ risks of opportunistic behavior and incentives for unjustified risk. Statistics shows an increase in state support to state-owned companies and corporations in the form of subsidies and capitalization even before the crisis. The need for such support grows in terms of crisis. The practice on the implementation by state-owned companies of quasi-fiscal expenses was established. These categories of expenses may constitute a considerable share in relation to the formal budgetary payments.
In this context it is also important to note that the most important institutional condition for the formation of the organizational and financial mechanism of economic growth is a sufficient level of economic confidence in relations between business and government. Economic confidence is formed on the basis of deliberate effective monetary and fiscal policies, as well as consideration of the Russian business interests. The representatives of the Russian business and business associations (Russian Union of Industrialists and Entrepreneurs, Chamber of Commerce, “Opora Russia”, “Business Russia”) sent to the Government of the Russian Federation their proposals to the governmental actions plan on increasing economic growth rate for 2017-2025. The business does not suggest structural changes, advocating for a solution of current problems: through lowering the tax burden, simplifying public procurement procedures, updating the tariff regulation and export support. The plan of actions consists of several topic sections: improvement of business climate, increasing efficiency of large investment projects, increasing the volume of non-recourse exports, small business development, improvement of the effectiveness of state support for economy sectors, introduction of small business’ deposits insurance, adoption of the law about control and supervision.

One of the most developed sections is a section on tax policy, which raises the issue of reducing the fiscal burden. The proposals of the Russian Union of Industrialists and Entrepreneurs (RUIE) contain organizational measures for the freezing of existing taxes and principles of their calculation for the following ten years. RUIE considers it necessary to extend the moratorium on the introduction of new non-tax payments until 2025 (after the formation of their register) and to determine the maximum level of fiscal burden, ensuring investment attractiveness of the business. Russian business associations advocate for introducing direct investment allowances amounting to 50% of income tax to encourage expenses of the companies on modernization.

The total borrowing needs in 2015-2017 were estimated by experts in about 4 trillion rubles, which implies an increase in market borrowings of regions by 35% per year. To finance deficits and repay (refinance) debt the Russian regions had to raise money in the market. Against the background of the projected by analysts perspective growth of general crediting and presence of the structural problems in the banking system the access of regions to finance can turn out to be very expensive (as at the beginning of 2015), or obstructed as at the end of 2008 and 2014 (Budget Transparency: the Mechanisms of Interaction with the Public//Finance, 2016).

In Russia despite the development of measures to support regions, the growing volume of issues in conjunction with the low predictability and timeliness of government actions increase, according to experts, the probability of failures and, ultimately, regional defaults.
Two major factors of the balanced budget system shall be highlighted as the conclusions: preventing of the fiscal risks formation and increase of the economy adaptive capacity. In the first direction the development and use of long-term budget forecasts are crucial. These forecasts should include analysis of the main challenges for fiscal policy and formulate different responses to them. The solution of such problems as a part of long-term planning has a number of important advantages. Firstly, optimization of expenses acquires here not tactical but strategic character. Secondly, this process is incorporated in structural reforms, which compensates for the necessary economizing measures.

The most important means of reducing fiscal risks and ensuring a balanced budget is the observance of budgetary rules. With the right design, they combine prevention of the risks formation with increasing economy adaptive capacity. Convincing confirmations of the budgetary rules importance and necessity were obtained during the financial crisis in 2009. Thanks to the accumulated in the Stabilization Fund resources the impact of this crisis on the economy and the population was reduced to a minimum.

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